



EMN:CMP F. #2011R01474

U.S. Department of Justice

United States Attorney Eastern District of New York

271 Cadman Plaza East Brooklyn, New York 11201

June 6, 2014

By Hand and ECF

The Honorable Allyne R. Ross United States District Court Eastern District of New York 225 Cadman Plaza East Brooklyn, NY 11201

Re: <u>United States v. Eugene Gourevitch, 12 CR 758 (S-1) (ARR)</u>

Dear Judge Ross:

The government respectfully submits this letter in connection with the sentencing of the defendant Eugene Gourevitch, which is scheduled for June 10, 2014 at 11:00 am. On February 18, 2014, the defendant pled guilty to Count Three of the above-referenced superseding information (the "Information"), charging wire fraud in violation of 18 U.S.C. § 1343. The government respectfully submits this letter to address the defendant's offense conduct and the appropriate Guidelines calculation. The government addresses additional factors for the Court's consideration at sentencing in a separate letter submitted under seal with the consent of counsel.

A. Factual Background

As set forth in the Presentence Investigation Report ("PSR") dated April 28, 2014 the investigation into Gourevitch began in February 2010, when the Italian government requested that U.S. authorities arrest Gourevitch, who is a U.S. citizen, pursuant to a provisional arrest request based on charges of tax fraud and other crimes in Italy. Upon attempting to execute the provisional arrest warrant at Gourevitch's last known address the United States, however, the government learned that he was not residing in the United States at the time.

In December 2011, Gourevitch returned to the United States and agreed to be interviewed by the government. In the course of those interviews, he admitted that he engaged in an insider trading conspiracy to invest in U.S. and foreign publicly-traded stocks using material nonpublic information, such as information about upcoming mergers and quarterly earnings reports.

B. Offense Conduct

In July 2012, Gourevitch admitted that he had engaged in the instant wire fraud scheme. Specifically, Gourevitch told the government that earlier in the spring of 2012, he told the individual identified as "John Doe #1" in the Information that he could invest John Doe's money in the initial public offering (IPO) of Facebook stock at approximately \$40 per share. Gourevitch paid a friend \$100,000 to set up a company called Konnektix Ventures. Konnektix Ventures, in turn, opened a bank account at Signature Bank and a trading account with Interactive Brokers. To further conceal his own involvement, Gourevitch directed his friend to have signatory authority on the Konnektix accounts at both Interactive Brokers and Signature Bank.

Gourevitch then told John Doe #1 to send the funds for the Facebook stock investment to the Konnektix Ventures account at Signature Bank. In order to conceal John Doe #1's anticipated ownership of the stock, John Doe #1 first transferred the \$6 million he intended to invest in the Facebook IPO to an intermediate company, Sorgente Ltd., controlled by Gourevitch, who then caused the money to be transferred to the Konnektix Ventures account at Signature Bank. Finally, Gourevitch directed his friend to transfer \$5 million to the Interactive Brokers account, leaving \$1 million in place at Signature Bank. Bank records corroborate Gourevitch's admissions. Gourevitch did not inform John Doe #1 of these transfers.

C. Guidelines Calculation

The government concurs with the Probation Department's calculation of an adjusted offense level of 24, resulting in an advisory Guidelines range of imprisonment of 51 to 63 months. This is the same estimate set forth in the parties' plea agreement.

Respectfully submitted,

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cc: Marc Agnifilo, Esq. (via ECF)